

## Consultation Paper CP26/3\*

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Retail Banking Business Models (R2B2):  
Replacing the ad hoc collection of R2B2  
data with an annual regulatory return

January 2026

## How to respond

We are asking for comments on this Consultation Paper (CP) by **4 March 2026**.

You can send them to us using the form on our [website](#).

Or in writing to:

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(R2B2) Team  
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# Contents

<b>Chapter 1</b>	Summary . . . . .	Page 4
<b>Chapter 2</b>	The wider context . . . . .	Page 7
<b>Chapter 3</b>	Summary of our proposed rules . . . . .	Page 11
<b>Annex 1</b>	Questions in this paper . . . . .	Page 16
<b>Annex 2</b>	Cost benefit analysis . . . . .	Page 17
<b>Annex 3</b>	Compatibility statement . . . . .	Page 27
<b>Annex 4</b>	Abbreviations in this document . . . . .	Page 32
<b>Appendix 1</b>	Draft Handbook text	

## Chapter 1

# Summary

### Why we are consulting

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- 1.1** We are proposing to require retail banks and building societies to send us an annual regulatory reporting return with information on their business models. This will replace a series of ad hoc requests for the data.
- 1.2** Firms that meet our reporting thresholds will provide this data annually. The annual submission will give us an up-to-date view of the size and composition of individual firms and the wider retail banking market. This will help us monitor competitive dynamics to identify shifts, spot emerging harms and intervene where we need to. The data will also give us insights into structural pressures on the traditional banking business model.
- 1.3** We have collected this data from a number of firms four times between 2018 and 2024, which has informed our understanding of competition in retail banking as detailed in our Strategic Reviews in 2018 and 2022. However, when we collect data on an infrequent and irregular ad hoc basis it can become out of date, so our analysis doesn't reflect the current state of the market. Ad hoc requests are also burdensome for firms, as they are difficult to predict, plan for and automate. With a regular collection, firms can minimise manual processes and disruption to other business priorities. This supports our strategic goal to be a smarter regulator.
- 1.4** These changes are part of a wider FCA and regulatory effort to reduce burden by streamlining data collection and collecting only what we need to supervise firms effectively. This includes retiring existing collections, reducing ad hoc requests, or replacing them with improved RegData returns.
- 1.5** The Retail Banking Business Models (R2B2) data collection is a phase two use case for the Transforming Data Collection (TDC) programme, a collaboration between the FCA and Bank of England to transform data collection from the UK financial sector. As part of the programme, industry participants have helped design and test solutions that ensure we collect R2B2 data at the lowest cost to firms.
- 1.6** We have worked closely with firms and other stakeholders to understand their systems and data, so we can minimise the burden the request places on firms. We have engaged with the Prudential Regulation Authority (PRA) to make sure the return is beneficial and does not duplicate its own requests. Finally, we've consulted our Statutory Panels.
- 1.7** Read this Consultation Paper (CP) if your firm is a bank or building society offering retail banking services for personal or business customers. While not all firms will be in scope for this data collection, it will be of interest to all firms in the market.

## What we want to change

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- 1.8** We want to replace the ad hoc collection of R2B2 data with an annual regulatory return. Firms will supply product and sub-product level financial and volumetric information on:
- residential mortgages
  - personal banking
  - personal lending
  - small business banking and lending
  - other business banking and lending
  - wholesale funding
- 1.9** Firms will also provide whole bank reconciliation data. This will include:
- operating costs relating to their business
  - profit and loss, balance sheet and capital ratio data
- 1.10** Finally, we will include an 'off-the-shelf' request for firms to provide various readily available business documents. These will give us valuable qualitative background to the quantitative data, so we can make well-informed decisions.
- 1.11** The reporting requirements will apply to banks and building societies offering retail banking services that have more than 200,000 UK customer relationships and revenue of £5m in the relevant periods.
- 1.12** These thresholds will ensure we gather representative data from a broad range of business models without putting a disproportionate reporting burden on smaller firms. However, firms will come in scope when they grow enough to have a notable impact on the competitive landscape. Through our use of thresholds, we will continue to capture evolving market conditions and the impact that emerging participants have on competition in retail banking.
- 1.13** Firms that do not meet the thresholds will not have to send us this data. At present, we expect 33 retail banks and building societies to meet the threshold conditions for our proposed collection.
- 1.14** It is important that we introduce the annualised return now, to reduce uncertainty for firms and allow them to plan accordingly. It will also maintain a continuous data set and preserve the value of the data we have already gathered, allowing us to carry out meaningful, long-term analysis of market trends.
- 1.15** We also intend to publish an annual set of anonymised statistics and insights on trends in the retail banking market. We expect this will be useful for firms and other stakeholders, and make our use of the data transparent.

## Outcome we are seeking

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- 1.16** We would like to see a dynamic and competitive retail banking market that upholds high standards and supports sustained growth in the wider economy.
- 1.17** A thorough understanding of the competitive and structural landscape across the sector is essential for us to fulfil our role effectively. Collecting regular, high-quality data will help us identify movements in the market and design more proportionate interventions, as well as identify the main opportunities for growth. This will support market integrity, and ultimately reduce harm to consumers.

## Measuring success

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- 1.18** We expect the regular, detailed data we will receive to enhance our strong foundation as a data-led regulator. We will be able to make more informed, targeted interventions, which will, in turn, prevent harm to consumers earlier.
- 1.19** We have designed the request to reflect firms' reporting needs, which should make it simple to use. Submitting returns regularly should reduce burden compared to ad hoc requests. As a result, in time, we expect firms to have fewer queries about how to complete our return, and to send us higher quality information with minimal errors. As this return will give us a comprehensive overview of the retail banking market, we expect to issue fewer related ad hoc requests.
- 1.20** We will review these collections on an ongoing basis to ensure we are using the data effectively. We will amend our rules, if necessary, to remove data we are not using. We will also review the collection five years after it we implement it, so we can continue to balance regulatory needs with the burden for firms.

## Next steps

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- 1.21** Send us your feedback on our proposals by 4 March 2026, using the response form on our website.
- 1.22** We will consider your feedback, and aim to publish a final Policy Statement, including our response to feedback, later in 2026.

## Chapter 2

# The wider context

## Background on the R2B2 request

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- 2.1** We launched our first Strategic Review of Retail Banking Business Models in 2017 to understand business models and what changes to these models could mean for consumers and the industry. We published our Final Report to the first Strategic Review in 2018, and committed to monitoring the industry as it evolves.
- 2.2** The next few years saw significant changes in the market, prompted by the COVID-19 pandemic, new technology and shifts in the regulatory landscape. We carried out a second Strategic Review to explore these developments, and published our Final Report in 2022. We issued ad hoc data requests in 2018 and 2021 to support these reviews. We also issued requests for an internal report in 2019, and to update our internal dashboards in 2024. This is a total of four historical ad hoc R2B2 collections.
- 2.3** We have used the data from these collections widely across the FCA. We also share the R2B2 data through formal gateways with regulators and public organisations with an interest in retail banking to support their own objectives. These include the Competition and Markets Authority (CMA), the PRA, the Payment Systems Regulator (PSR) and the Treasury.
- 2.4** We have used the R2B2 data in several pieces of work:
- Ring-fencing and Proprietary Trading Independent Review
  - Review of the SME banking (behavioural) undertakings 2002 - Final Decision
  - Premium Finance Market Study
  - Cash Savings Market Review 2023
  - High-Cost Credit Review
  - Access to Cash
- 2.5** As we already had the R2B2 data, firms didn't need to provide additional information on their business models for each publication.
- 2.6** The PRA, the PSR, the CMA and the Treasury have used the data in their analyses and support our proposal for a regular collection. If we stop requesting this data, they may need to approach firms individually with distinct requests, requirements and timelines. This would increase costs for firms and regulators.
- 2.7** The R2B2 request has been through a rigorous design and testing process since becoming a use case for the TDC programme in 2022. The programme is central to regulators' plans to deliver a vision of improved, efficient and effective data collection. We have publicly stated our intention to regularise the R2B2 collection after developing it through the programme.

- 2.8** As part of the programme, we asked retail banks and building societies that were part of the 2024 ad hoc collection for detailed feedback on the R2B2 request. Based on their input, we have removed data points and levels of detail that were particularly burdensome to provide, and made the request more flexible to align it with firms' own processes.
- 2.9** Alongside the TDC programme, we have analysed our use of the data and removed over 200 data points so we will only collect essential information and avoid unnecessary burden on firms. We have also checked within the FCA and discussed with other regulators and are content that the data we are requesting is not otherwise available.
- 2.10** Finally, we have carefully considered the proportionality of our proposals. We consider the benefits of regular, streamlined returns and more targeted supervision outweigh the associated costs. Our full cost benefit analysis is in Annex 2.

## How it links to our objectives

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### Promoting effective competition

- 2.11** R2B2 is the only dataset which covers the entire retail banking business model. We used this data to detail our understanding of competition in retail banking in our Strategic Reviews. By looking at trends across current accounts, savings, lending and other services, we can identify areas where barriers to entry may harm competition, competition may be distorted, or market power may be concentrated.
- 2.12** If we collect this data annually, we can keep our understanding of the competitive landscape up to date, identify shifts earlier and design interventions to maintain healthy competition in the retail banking market.

### Consumer protection

- 2.13** Without effective competition, firms may not have incentives to improve their products and services – meaning consumers may face limited choice, higher fees and reduced innovation. Some groups may also be underserved or excluded from essential banking services, making it more difficult to access fair value and products suited to their needs.
- 2.14** The data that we will collect on firms, their products and business models will allow us to identify potential harms quickly and respond appropriately, so we can prevent poor consumer outcomes.

### Market integrity

- 2.15** Ongoing challenges from economic and political uncertainty, from a period of post-pandemic reduced business activity and a low-interest rate environment have added pressures on the traditional banking business model. The R2B2 data gives us a comprehensive overview of the business model, helping us identify where these

pressures could challenge the infrastructure or social benefits that the banking sector provides. We can then act to make sure market conditions are sustainable and support wider economic growth.

## **The FCA's Strategy 2025-30**

- 2.16** The FCA's strategy sets out our focus in the next five years on supporting growth and being a smarter regulator. One part of this is being proportionate and predictable.
- 2.17** This return will be proportionate: we will ask for data from a small cohort of retail banks and building societies. This will maintain the balance between coverage, quality and burden – collecting data across key business models without diluting its quality or increasing the burden on firms unnecessarily. Over the years and particularly after feedback from firms in 2025, we have streamlined the request to only include data points we have used and will use again, and that firms have historically been able to provide.
- 2.18** It will also be predictable: transforming the ad hoc collection to an annual return means firms can plan better, allocate resource efficiently and ultimately keep costs down. A regular return will offer firms the assurance that the request will be stable for the foreseeable future, enabling firms to invest in automated process. This will reduce their burden and encourage growth.
- 2.19** R2B2 is also the only dataset that specifically covers small-to-medium enterprise (SME) banking and lending. It gives us insight into SMEs' financial health, a key theme in our strategy to support growth. It also helps us identify where micro-SMEs may not be getting fair value or access to affordable credit. Limited access to credit constrains SMEs' ability to invest, expand or operate effectively, which then restricts their ability to drive healthy competition and foster growth in the wider market.

## **Secondary international competitiveness and growth objective (SICGO)**

- 2.20** We have considered our secondary objective to facilitate the international competitiveness of the UK economy and its growth in the medium to long term. In our second report on our SICGO, as part of our theme on data collection, we made clear our intention to stop repeated ad hoc collections as we replace them with new RegData returns. Our proposal is in line with that commitment.
- 2.21** The primary use case for the R2B2 data is our oversight of competition in the retail banking sector. A competitive market gives firms incentives to innovate, invest and develop products that meet the evolving needs of consumers and businesses. Through our analysis of the data, we will help create conditions that will provide opportunities for innovation, healthier competition and stronger market integrity. This will foster a dynamic and resilient sector that competes on the global stage.

## Environmental, social & governance considerations

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- 2.22** In developing this CP, we have considered the environmental, social and governance (ESG) implications of our proposals, and our duty under ss. 1B(5) and s.3B(1)(c) of the Financial Services and Markets Act 2000 (FSMA) to have regard to contributing towards the Secretary of State achieving compliance with the net-zero emissions target under section 1 of the Climate Change Act 2008 and environmental targets under s. 5 of the Environment Act 2021.
- 2.23** We do not consider that the proposals are relevant to contributing to those targets. We will keep this issue under review during the course of the consultation period and when we make the final rules. In the meantime, we welcome input on this.

## Equality and diversity considerations

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- 2.24** We have considered whether this CP raises any equality and diversity issues.
- 2.25** We do not consider that the proposals materially impact any of the groups with protected characteristics under the Equality Act 2010 (in Northern Ireland, the Equality Act is not enacted but other antidiscrimination legislation applies). We will continue to consider the implications during the consultation period and when we make the final rules. In the meantime, we welcome input on this.

## Chapter 3

# Summary of our proposed rules

### Proposed regulatory return

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- 3.1** This section outlines the new return we are proposing to introduce and the data we are proposing to collect. Our proposed Handbook amendments are in Appendix 1.
- 3.2** The return will apply to all banks and building societies that:
- provided services to retail customers in the UK in the relevant reporting period
  - were required to submit Annual Financial Crime Reports in respect of the last three accounting reference periods
  - reported at least 200,000 UK customer relationships in all of the last three Annual Financial Crime Reports, and
  - reported a total revenue of £5 million or more at all of the firms' last three accounting reference dates

#### **Question 1: What are your views on our proposed reporting thresholds?**

- 3.3** We expect 33 firms to be in scope for the 2026 collection. Six of these will be newly in scope and will not have provided data for any ad hoc R2B2 collections. Over time, we expect more firms to reach these thresholds. We will review the thresholds as part of a wider evaluation in five years' time.
- 3.4** The return will have 2 elements:
- core financial data request
  - off-the-shelf document request

### Core financial data request

- 3.5** Table 1 shows the product and sub-product level financial data and whole-bank reconciliation data that we will request. We provide detailed guidance and definitions of the data points in Appendix 1.
- 3.6** All firms must provide reconciliation data. For the other 6 sections, firms must include data for products they offer, and state which ones they do not offer. Firms must provide actual data or a reliable estimate. If they cannot reliably estimate a data point, they will need to explain why.

**Table 1: Core financial data**

Product	Sub-product
Residential mortgages	Owner-occupied mortgages
	Buy-to-let mortgages
Personal banking	Current accounts
	Overdrafts
	Savings
	Wealth deposits
	Investment products
Personal lending	Credit cards
	Loans
	Motor finance
	Wealth and other lending
Small business banking	Lending
	Current accounts
	Savings
Other business banking	Lending
	Deposits
Wholesale funding	Loans and overdrafts
	Debt securities on issue
	Subordinated debt
	Funding under Term Funding Scheme and Funding for Lending Scheme
Reconciliation	Operating costs
	Profit and loss
	Balance sheet
	Risk-weighted assets
	Capital ratios

## Off-the-shelf document request

**3.7** We will ask firms for existing internal information covering:

- products they offer and UK markets they serve
- financial information, including annual management accounts with commentary
- non-core products
- business plans
- customer research

**3.8** Firms will not have to provide this information if they do not already have it in existing documents, or if there are confidentiality or consent-related constraints. The draft Handbook text in Appendix 1 has more details, including a list of documents.

**Question 2:** Do you have any comments on the information we propose to collect?

**Question 3:** Is it clear what data and information firms will have to provide, or would further guidance be helpful?

**Question 4:** Could any of the proposed questions or data cause practical issues (for example, requiring data that is not currently collected, or would be difficult to, collect)? If yes, please explain why (including whether this is because of a particular business model or the way firms' business activities are structured).

**Question 5:** If you do not currently hold data in the level of detail included in these proposals, how difficult would it be to provide reliable estimates?

## Group reporting requirements

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**3.9** We want data that captures the firm's retail banking business model. Therefore, we have proposed specific group reporting requirements to ensure we only collect the data we need.

**3.10** We want one return for each group of firms. If multiple firms in a group meet the threshold conditions, one firm must submit the data aggregated across all relevant firms. This firm will be:

- the ring-fenced parent firm, if there is one
- the UK accounting parent firm, if there is not a ring-fenced parent, or
- any firm within the group, if there is no ring-fenced or UK accounting parent firm

**3.11** The group return must provide the data as follows:

- If the group contains one or more ringfenced bodies, the return must aggregate data across all subsidiaries in all ringfenced bodies in the group.
- If the group does not contain a ringfenced body, the return must aggregate data across all firms in the group.

**Question 6:** Do you have any concerns or feedback about the group reporting requirements?

## Reporting frequency

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**3.12** Firms will submit the R2B2 return by 30 November every year.

**Question 7:** Do you agree with the proposed frequency of submissions?

**3.13** In any given reporting year, firms should provide information for their accounting year as follows:

- If the accounting year ends before 30 June, firms should provide information from the accounting period ending in the same year as the reporting year.
- If the accounting year ends after 30 June, firms should provide information from the accounting period ending in the year before the reporting year.

**3.14** For example, in 2026, firms with a year-end of 30 April should submit data for the accounting year 1 May 2025 to 30 April 2026. Firms with a year-end of 31 December should submit data for the accounting year 1 January 2025 to 31 December 2025.

**3.15** This means we can collect information that most closely relates to the period we are interested in, while firms can submit data that aligns with their internal accounting periods.

**Question 8:** Do you agree with our proposal for firms to provide data in line with their internal accounting periods?

## Timelines for implementation

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**3.16** Based on our analysis of the costs and benefits relating to our proposal as outlined in Annex 2, we do not anticipate the new return will result in significant burden for firms. Those previously in scope for ad hoc R2B2 collections will be familiar with the request. During the 7-week consultation period, we will engage with any firms likely to be newly in scope to show them the request and answer questions.

**3.17** As a result, we are proposing that the new rules come into effect immediately when we publish the policy statement later in 2026. Firms will submit the first return in November 2026.

**Question 9:** Do you agree with the proposed timeline for implementing this return?

## Pilot and feedback gathering

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**3.18** A core recommendation from the TDC programme was a user-centred collection that we have prototyped and tested with firms.

- 3.19** We will run a pilot programme to talk firms through the revised request and show them how to submit data, including on our new web-based submission solution. For the small number of newly in-scope firms, we will run a bespoke training session to explain the request and the submission process. As part of our pilot, we will give firms the opportunity to provide feedback and test out the template using their own data or dummy data.
- 3.20** This will be during the consultation period and in the run-up to the first submission.

## Published statistics

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- 3.21** Firms and other stakeholders welcomed our [last R2B2 publication](#) as a valuable public update on our understanding of competition and business models in retail banking.
- 3.22** As part of our ongoing work relating to the R2B2 collection, we intend to publish a set of annual infographics and insights on our website based on our analysis of the data we collect. We will aggregate and anonymise the data so that no individual firm data will be identifiable.
- 3.23** Publishing these insights will:
- give industry stakeholders valuable information about sector developments and trends
  - result in better quality data submissions and reduce the number of FOIA requests in the long term, particularly the questions we receive about our use of the data we collect, and
  - offer transparency and accountability to the UK public.

**Question 10:** Do you have any feedback on our proposal to publish an annual set of aggregated statistics and insights based on the data we collect?

## Annex 1

### Questions in this paper

- Question 1:** What are your views on our proposed reporting thresholds?
- Question 2:** Do you have any comments on the information we propose to collect?
- Question 3:** Is it clear what data and information firms will have to provide, or would further guidance be helpful?
- Question 4:** Could any of the proposed questions or data cause practical issues (for example, requiring data that is not currently collected, or would be difficult to, collect)? If yes, please explain why (including whether this is because of a particular business model or the way firms' business activities are structured).
- Question 5:** If you do not currently hold data in the level of detail included in these proposals, how difficult would it be to provide reliable estimates?
- Question 6:** Do you have any concerns or feedback about the group reporting requirements?
- Question 7:** Do you agree with the proposed frequency of submissions?
- Question 8:** Do you agree with our proposal for firms to provide data in line with their internal accounting periods?
- Question 9:** Do you agree with the proposed timeline for implementing this return?
- Question 10:** Do you have any feedback on our proposal to publish an annual set of aggregated statistics and insights based on the data we collect?
- Question 11:** Do you have any general comments on our cost benefit analysis?

## Annex 2

# Cost benefit analysis

## Introduction

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1. The Financial Services and Markets Act (2000) requires us to publish a cost benefit analysis (CBA) of our proposed rules. Specifically, section 138I requires us to publish a CBA of proposed rules, defined as 'an analysis of the costs, together with an analysis of the benefits that will arise if the proposed rules are made'.
2. This analysis presents estimates of the significant impacts of our proposal. We provide monetary values for the impacts where we believe it is reasonably practicable to do so. For others, we provide a qualitative assessment. Our proposals are based on weighing up all the impacts we expect and reaching a judgement about the appropriate level of regulatory intervention.
3. The CBA has the following structure:
  - The market
  - Problem and rationale for intervention
  - Our proposed intervention
  - Options
  - Baseline and key assumptions
  - Summary of impacts
  - Costs
  - Benefits
  - Monitoring and evaluation

## The Market

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4. A well-functioning retail banking market is fundamental to consumer wellbeing, and by supporting everyday economic activity, it plays a vital role in driving wider economic growth. The market is crucial for consumers, as it provides current accounts, savings accounts, mortgages, credit cards, overdrafts and loans, which enable consumers to make and receive payments efficiently, earn interest on their savings, access credit to support investments or major life events and manage their finances to make more informed decisions.
5. As of 2025, retail banks hold approximately £1.7tn in retail deposits and £600bn in commercial deposits. Building societies hold around £200bn in retail deposits. In total, there are 192 retail banks and building societies. According to the FCA's Financial Lives survey, in 2024, 97% of UK adults (52.5 million) held a current account with a bank, building society or credit union.

6. Business models in the retail banking sector are evolving. There has been significant merger activity in recent years, which may have impacted the competitive landscape.
7. Technological innovation, especially the shift to digital banking, has lowered barriers to entry, enabling challengers to disrupt traditional models. Use of mobile banking apps continues to grow and there has been a marked decline in regular branch visits.
8. Finally, economic volatility, the cost-of-living crisis and political uncertainty have led to further shifts in market dynamics. Uncertainty can drive changes in consumer preferences, and ongoing changes in consumer behaviour are likely to have cascading impacts on business models and strategies for retail banks.
9. These changes underscore the need for robust regulatory oversight in the retail banking market.

## Problem and rationale for intervention

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10. To monitor competitive dynamics, detect risk and intervene appropriately, regulators must have access to timely and comprehensive data. We use this data alongside our sectoral experience and regulatory judgment to improve the quality and depth of our analysis, to better understand the cause, severity, and scale of potential harms.
11. The absence of regular, timely data on retail banking business models limits our ability to do this in the retail banking market. Without timely and up-to-date business model data, our analysis may overlook new and important information that mean our decisions are misaligned with the current market landscape.
12. Introducing a regular collection allows us to maintain an up-to-date understanding of the retail banking market, so that we can identify early signals of market shifts and emerging risks, enabling us to intervene quicker and make more informed, data-led decisions. This, in turn, ensures that consumer harm is reduced and market integrity enhanced.
13. This data is used extensively across the FCA and by other regulators and features in work by His Majesty's Treasury (HMT), the Competition and Markets Authority (CMA), the Prudential Regulation Authority (PRA) and the Bank of England, all of whom are likely to benefit similarly from a regular collection.
14. Until now, we have collected information on retail banking business models by issuing ad hoc requests to specific firms (see Table 2 below), where firms provided the data on a voluntary basis. We are now consulting on our proposal to introduce a new reporting rule where firms, subject to a threshold condition, will be required to provide this information regularly.

**Table 2: Previous ad hoc R2B2 data requests**

Request year	Data requested
2018	Core financial request and off-the shelf request covering data for 2015, 2016 and 2017.
2019	Core financial request and off-the shelf request covering data for 2018 only.
2021	Core financial request and off-the shelf request covering data for 2019, 2020 and forecast data for 2021. One one-off supplementary template on consumer lending.
2024	Core financial request and off-the shelf request covering data for 2021, 2022 and 2023 and 2 one-off supplementary templates on costs and payment types.

15. Ad hoc requests are burdensome for firms, since their unpredictable nature makes it difficult to plan or allocate resource efficiently. A regular return gives firms the confidence that the request will remain stable, allowing them to align reporting needs with broader business priorities, and build systems and automations that streamline the reporting process, thereby limiting reliance on manual intervention. As a result, in line with our strategy to be a smarter regulator, the introduction of an optimised, regular return will ensure we do not undermine regulatory agility for the FCA or operational efficiency for in-scope firms.
16. Moreover, our previous ad hoc requests were extensive, often requiring firms to submit multiple years of data and to fill one-off additional data requests. A regular return means that they will only provide data for one year at a time and there will be no regular supplementary templates, making the process significantly leaner. The template we used for ad hoc requests has also been through significant iterations of feedback from industry, as a use case for the Transforming Data Collection (TDC) programme, meaning that we will benefit from higher quality data and firms will benefit from an improved template.

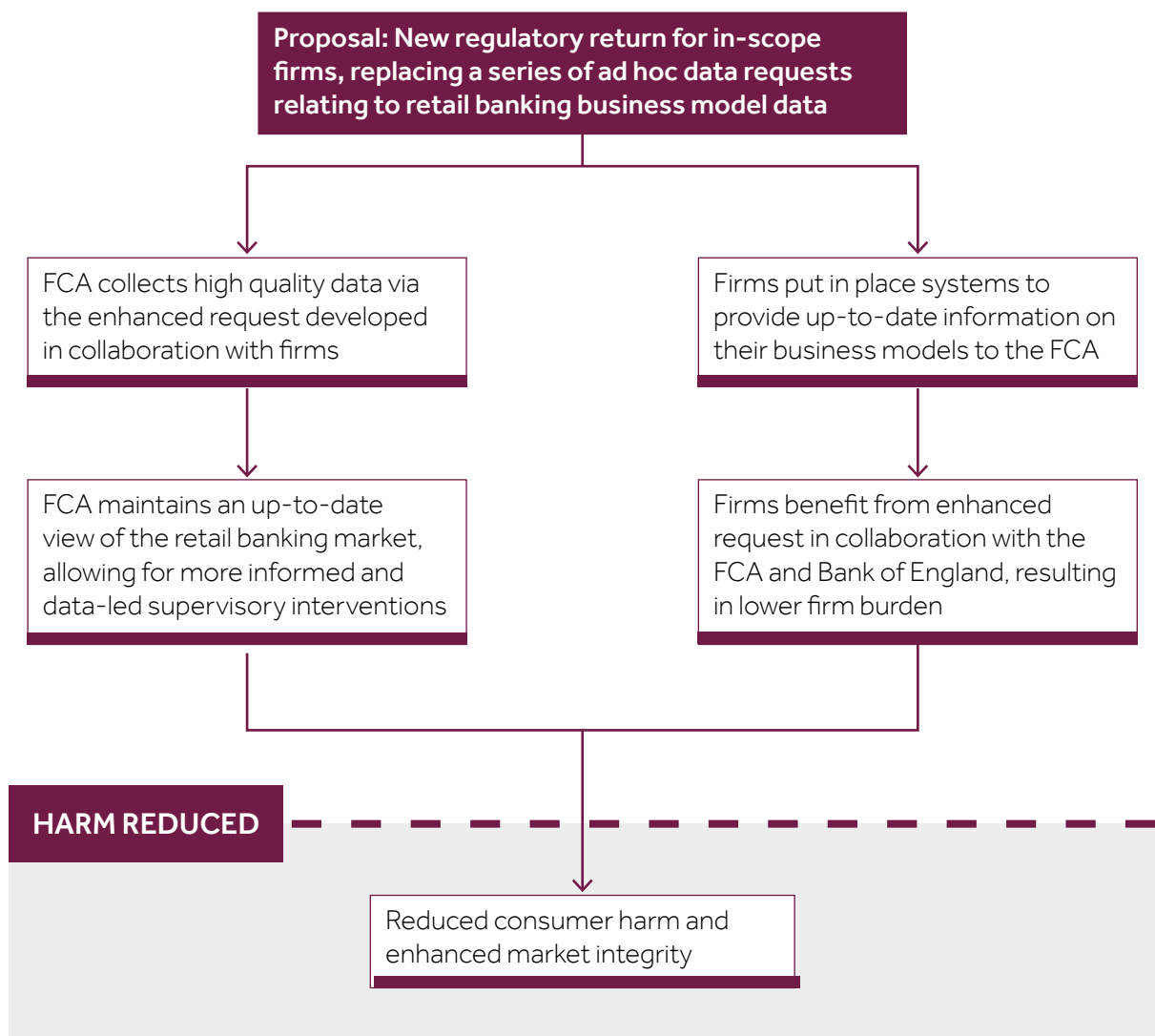
## Our proposed intervention

17. We are proposing to transform what was previously a series of ad hoc returns into a streamlined, annual regulatory return.
18. The proposed return will apply to banks and building societies that provided services to retail customers in the relevant reporting period, reported at least 200,000 UK customer relationships in all of the firm's last three Annual Financial Crime Reports and reported a total revenue of £5 million or more at all of the firm's last three accounting reference dates. Based on the latest available data, we expect this will capture 33 firms covering a market share of approximately 97% based on UK customer relationships.
19. The collection will cover the breadth of the retail banking business model, with financial and volume-related metrics on a sub-product level for mortgages, current accounts,

savings and lending, for personal and both SME and other business customers. It will also include the submission of readily available off-the-shelf documents.

20. Firms will be required to submit data annually, for one reporting period in each collection. The first collection under the proposed reporting rule will be in 2026, where firms meeting the threshold will provide data for the 2025 reporting period.
21. It is worth noting that, in parallel with the first regular collection, we will issue a final ad hoc request to firms who were in scope for the 2024 collection and remain in scope based on the newly proposed threshold condition. These firms will provide data for the 2024 reporting period, to avoid a gap in the time-series of the data. We have not considered the impact of this one-off ad hoc addition to the 2026 request in our analysis below, because it does not relate to the proposed intervention.
22. In Figure 1 below, we set out the causal chain for our proposed intervention.

**Figure 1: Causal chain for intervention**



## Options

- 23.** In designing our proposed intervention, we considered but did not proceed with several options. Table 3 below summarises the options we considered and our reasoning for not pursuing them.

**Table 3: Alternative options considered**

Option	Reasoning
Continue collecting the data ad hoc	Continuing to collect data on an ad hoc basis creates unpredictability for firms, increasing the overall burden. It also limits our ability to maintain a current view of the market, which reduces our capacity to respond swiftly and effectively when harm arises.
Cease collection of the data	We would lose significant depth of knowledge on the retail banking market, particularly on SME banking and lending, which would then limit our ability to identify risks and intervene early to prevent harm. Other regulators who frequently use this data may seek it directly from firms, resulting in more ad hoc requests and a corresponding increase in burden.
Using existing FCA or external data	We considered using third party sources alongside the data the FCA already collects across existing returns. However, the granularity of data we require is not available through third parties or in existing FCA data.
Less or more frequent collections	Collecting the data less frequently than annually would mean it may be outdated by the time we receive it, which would limit our ability to intervene in a timely fashion. More frequent collections (e.g., quarterly) would not align with firms' financial and accounting cycles. They may need to create bespoke reports, rather than integrating the request into standard workflows, which would lead to inefficiencies and increase burden without corresponding regulatory benefit.

## Baseline and key assumptions

- 24.** We assessed the impacts of our proposed new return against a baseline, or a 'counterfactual', which describes what we expect will happen in the market in the absence of our proposed policy change. We compare a 'future' under the new policy, with an alternative 'future' without the new policy. The baseline for our proposed change is that we continue without a regular reporting mechanism for the R2B2 data but retain the option of issuing ad hoc collections.
- 25.** For the purpose of estimating costs and benefits, we assume that the 33 firms expected to be included in the 2026 collection remain in scope year-on-year and no additional firms are added. Of those, we classify 6 as large firms – 4 historical incumbents and 2 others of comparable size following recent merger activity. The remaining 27 are considered small firms.

- 26.** We assume all costs of developing the FCA's RegData platform would have been incurred even in the absence of the proposed R2B2 return, and we do not attribute any portion of these costs to our intervention.
- 27.** We assume the data can be ingested and shared with other regulators immediately after the return is submitted, and that the data from our proposed return improves our response to potential harms. Finally, we assume a 10-year appraisal period, and apply a discount rate of 3.5% per year (as per our CBA guidance).

## Summary of Impacts

- 28.** Overall, we estimate a cumulative ongoing annual cost of £0.17m across all firms in the cohort and the equivalent annual net direct cost to firms from our proposed intervention to be £0.17m.
- 29.** We expect our proposed intervention to facilitate more effective and proportionate supervision, benefitting consumers through better protection. Firms will benefit from a more predictable return and fewer ad hoc requests which, in turn, reduce burden. It is not reasonably practicable to quantify these benefits in full, but we provide a qualitative assessment of these impacts in the Benefits section below.
- 30.** We have carefully considered the proportionality of our proposals, and we consider the benefits outweigh the costs we detail below.

**Table 4: Summary table of total estimated direct benefits and costs**

		Costs, £		Benefits, £	
		One-off	Ongoing (annual)	One-off	Ongoing (annual)
Firms	Collating and reporting data, accounting for change and IT costs gains from planning and automation efficiencies		0.17		
FCA	Reduced time onboarding the data and faster availability of clean data to inform decision making				Not quantified
	Superior data quality and minimal errors via enhanced template				Not quantified
Other regulators	Avoiding the need for individual ad hoc requests				Not quantified

		Costs, £		Benefits, £	
Consumers	Prevention and reduction of consumer harm				Not quantified
	Enhanced market integrity and improved competition in the retail banking market				Not quantified
<b>Total</b>			<b>0.17</b>		

## Costs

### Costs to firms

- 31.** We have estimated costs based on self-reported data from firms in the 2024 collection on the cost of filling the 2024 ad hoc request, which we adjusted as described below. Costs reported by firms included staff time spent finding the relevant data points, filling out the template (including dealing with validations), any contractor costs, governance costs and opportunity costs. Based on the data received from firms, the 2024 return, on average, cost each large firm £40,233 and each small firm £21,440. These are straight averages, although there was some variation between firms.
- 32.** However, the 2024 return was significantly larger than our proposed annual collection, since it required firms to submit 3 years of data and 2 one-off supplementary requests. The annual return will not include supplementary requests, and firms will provide only one year of data. We have also reduced the data points requested in the core financial data template based on firm feedback (data points especially burdensome for firms) and our internal analysis (data points that have not had a sufficient use case). Table 5 details these changes.
- 33.** As outlined above, firms who were in scope for the 2024 collection and remain in scope for the ongoing collection will be asked to provide data for an additional year (reporting period 2024) on a voluntary basis. Additional one-off costs incurred in relation to the submission of data for the 2024 reporting period have not been included in our estimates, since the collection will not be under the new reporting rule we are consulting on.

**Table 5: Changes to request since 2024 collection**

	2024 R2B2 collection	Annual collection (2026 onwards)
Number of data points	2,781	571
Years of data	3 (2021, 2022, 2023)	1
Supplementary requests	2	0

- 34.** We adjusted firms' self-reported costs, given the reduction in data points in the proposed annual return when compared with the 2024 collection. To do this, we assigned equal cost to each data point in the 2024 request and scaled the total cost to firms based on the number of data points they will submit in the proposed return as in Table 6 and 7.

**Table 6: Cost per data point**

Firm size	Cost per firm: 2024 collection	Number of data points in 2024 collection	Cost per data point by firm size
Large firms	£40,233	2,781	£14.47
Small firms	£21,440	2,781	£7.71

**Table 7: Estimated cost per return for large and small firms and total cumulative cost across cohort of 33 firms**

Firm size	Cost per firm: 2024 collection	Implied annual cost per firm: 2026 collection onwards	Cumulative implied annual cost across all 33 firms: 2026 collection onwards
Large firms	£40,233	£8,261	£49,566
Small firms	£21,440	£4,402	£118,854
<b>Total</b>			<b>£168,420</b>

- 35.** Firms may incur one-off costs to implement processes relating to the new collection. These costs may be higher for a small number of firms who have not previously been in scope for the ad hoc R2B2 requests.
- 36.** However, over time, these one-off costs will be more than offset by the familiarity with the request, the benefits of the improved template and automations and the lower opportunity cost since firms can plan around other business priorities. Because of the uncertain nature of these one-off costs, we have not factored them into the below table. Since automations and familiarisation will reduce costs over time, the costs in Table 7 are prudent over-estimates.

## Costs to the FCA

- 37.** We have referred to the one-off cost of developing the RegData platform in our assumptions above and consider this a sunk cost. As a result, we have not attributed any associated costs to our intervention.
- 38.** The FCA will have a dedicated resource for the cleaning, querying and management of incoming data, and the analysis and development of the insights we will publish. However, since these activities will be managed through the reprioritisation of existing resources, we have not attributed any associated costs to our intervention.

## Other costs

39. There are unlikely to be further costs to firms, consumers or the wider economy.

## Benefits

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### Benefits to consumers

40. By collecting this data, we strengthen our ability to monitor the retail banking market and identify emerging risks early. We can then intervene proactively, whether by taking supervisory action, adjusting rules or providing guidance – to prevent harm before consumers are adversely affected. Our annual publication of statistics and insights will also increase transparency, helping consumers to better understand market trends and make more informed decisions.
41. To provide an example, R2B2 data contributed significantly to the FCA's High-Cost Credit Review, in particular, the overdrafts policy rules and also the Access to Cash work, to support vulnerable consumers and encourage better outcomes. It has also informed our wider understanding of competition in the market, for instance, in the Ring-fencing and Proprietary Trading Independent Review, Review of the SME banking (behavioural) undertakings 2002 - Final Decision, and the Premium Finance Market Study, as well as the FCA's Cash Savings Market Review 2023.

### Benefits to firms

42. The regular collection will limit the number of ad hoc requests we issue, meaning firms will benefit from more proportionate supervision. The predictability of the request allows firms to put systems and automations in place, meaning they will benefit from reduced manual intervention. As this data will be shared with other regulators, by the FCA putting in place a single, regularised return, firms are relieved of the burden of responding to duplicate requests from multiple regulators. Our published insights will also offer firms a useful view into trends in the market in which they operate.

### Benefits to the FCA

43. By implementing a new, enhanced, regular collection, we will achieve cost efficiency and reduce the burden on our resources. As a Phase 2 use case for the Transforming Data Collection (TDC) programme, the new submission process for the R2B2 collection has been developed in collaboration with industry. The template has been designed to reflect how firms want the return to look, significantly reducing the likelihood of incorrect or poor-quality submissions. This will minimise the time spent manually cleaning data or chasing firms for missing or inaccurate returns.

### Benefits to other regulators

44. R2B2 data has been used extensively by other regulators to support their respective functions. Should the FCA cease collection of the data, they would likely approach firms

directly with their own requests, which would result in costs to these organisations, from the development of templates to the resources needed to clean and manage the data. By continuing to lead on this process, we avoid duplication of effort across regulatory bodies. However, we cannot quantify the benefit to these bodies without further details of the requests they may have issued.

## Benefits to the wider economy

- 45.** These proposals are not expected to significantly affect the UK's international competitiveness or growth in the medium-to-long term under the FCA's Secondary International Competitiveness and Growth Objective (SICGO). However, they will improve the FCA's operational efficiency by enabling more efficient oversight of competition in retail banking. Our analysis of the data will allow us to create conditions that will support healthy competition, market integrity and innovation, all of which are conducive to the competitiveness and growth of the market as a whole.

## Monitoring and evaluation

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- 46.** Once the collection has been regularised, we intend to monitor our use of the data. Every 5 years, we will carry out a review to check the quality of data we receive and the ease of submission for firms and conduct a full analysis of whether the data points need to be expanded or reduced.
- 47.** We will also publish annually a set of aggregated, anonymised statistics and insights on trends in the retail banking market, and welcome feedback from firms, regulators and industry stakeholders to ensure this publication remains useful and relevant.

**Question 11:** Do you have any general comments on our cost benefit analysis?

## Annex 3

# Compatibility statement

## Compliance with legal requirements

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1. This Annex records the FCA's compliance with a number of legal requirements applicable to the proposals in this consultation, including an explanation of the FCA's reasons for concluding that our proposals in this consultation are compatible with certain requirements under the Financial Services and Markets Act 2000 (FSMA).
2. When consulting on new rules, the FCA is required by section 138I(2)(d) FSMA to include an explanation of why it believes making the proposed rules (a) is compatible with its general duty, under section 1B(1) FSMA, so far as reasonably possible, to act in a way which is compatible with its strategic objective and advances one or more of its operational objectives, (b) so far as reasonably possible, advances the secondary international competitiveness and growth objective, under section 1B(4A) FSMA, and (c) complies with its general duty under section 1B(5)(a) FSMA to have regard to the regulatory principles in section 3B FSMA. The FCA is also required by s 138K(2) FSMA to state its opinion on whether the proposed rules will have a significantly different impact on mutual societies as opposed to other authorised persons.
3. This Annex also sets out the FCA's view of how the proposed rules are compatible with the duty on the FCA to discharge its general functions (which include rule-making) in a way which promotes effective competition in the interests of consumers (section 1B(4)). This duty applies in so far as promoting competition is compatible with advancing the FCA's consumer protection and/or integrity objectives.
4. In addition, this Annex explains how we have considered the recommendations made by the Treasury under s 1JA FSMA about aspects of the economic policy of His Majesty's Government to which we should have regard in connection with our general duties.
5. This Annex includes our assessment of the equality and diversity implications of these proposals.
6. Under the Legislative and Regulatory Reform Act 2006 (LRRRA) the FCA is subject to requirements to have regard to a number of high-level 'Principles' in the exercise of some of our regulatory functions and to have regard to a 'Regulators' Code' when determining general policies and principles and giving general guidance (but not when exercising other legislative functions like making rules). This Annex sets out how we have complied with requirements under the LRRRA.

## The FCA's objectives and regulatory principles: Compatibility statement

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7. The proposals set out in this consultation are primarily intended to advance the FCA's operational objective of:
  - Protecting consumers – securing an appropriate degree of protection for consumers
  - Enhancing market integrity – protecting and enhancing the integrity of the UK financial system
  - Building competitive markets – promoting effective competition in the interests of consumers
8. These proposals will provide us more consistent and detailed data to better supervise the markets in scope, as detailed in Section 2. This will support our work in enhancing market integrity by allowing us to make quicker and more effective decisions to ensure the market is functioning well. We will also be able to actively monitor these markets to ensure competition is working well for consumers and allows for new entrants. This will also contribute to increased consumer protection as we will be better able to identify risk of and prevent harm.
9. Overall, the data we will collect will provide a comprehensive view of how firms in the market are evolving, which allows us to see where healthy competition is driving innovation, and in turn, wider growth in the retail banking sector.
10. With regards to our secondary objective (SICGO) to facilitate international competitiveness and growth, we believe the impact of these proposals will neither materially affect the international competitiveness of the UK economy nor its growth in the medium to long term. However, we believe the proposals will improve the FCA's operational efficiency by enabling us to monitor and supervise the retail banking market more efficiently. This should in turn promote market integrity, by adding trust and confidence in the markets and making the UK an attractive place for firms and investors, which is conducive to the competitiveness and growth of the market as a whole.
11. We believe that, although the policy does not materially affect either international competitiveness or growth, that it is justified for the reasons set out under key benefits outlined in the CP and the CBA, including the prevention and reduction of consumer harm, improved firm experience and facilitating the delivery of a data-led supervision approach for the retail banking market.
12. We consider these proposals are compatible with the FCA's strategic objective of ensuring that the relevant markets function well because the data we collect will allow us to effectively identify shifts in competitive dynamics and emerging harm in the retail banking market and design appropriate, proportionate interventions. For the purposes of the FCA's strategic objective, "relevant markets" are defined by section 1F FSMA.
13. In preparing the proposals set out in this consultation, the FCA has had regard to the regulatory principles set out in s 3B FSMA. The relevant regulatory principles are considered below.

### **The need to use our resources in the most efficient and economic way**

14. While we are increasingly reliant on data to make quicker, more effective decisions, however, our current ad hoc collection of the data means that we do not have an up-to-date view of the retail banking market and firms cannot plan for the collections. By moving to streamlined, regular collection through regulatory reporting, we will have a more efficient and economic method in place to identify trends and potential harms in the retail banking market.

### **The principle that a burden or restriction should be proportionate to the benefits**

15. We have carefully considered the proportionality of our proposals, including through consultation with internal and external stakeholders throughout the development of the new return and the consideration of the associated costs and benefits. While we recognise that firms will incur costs in relation to the implementation of the new return, we estimate the corresponding gains relating to the improved template and planning and automation efficiencies, as well as year-on-year familiarisation with the request to be significant. As a result, we expect the net cost to businesses to be low. At the same time, we consider the benefits to both the FCA and other regulators, and subsequently to consumers to outweigh these costs.

### **The need to contribute towards achieving compliance by the Secretary of State with section 1 of the Climate Change Act 2008 (UK net zero emissions target) and section 5 of the Environment Act 2021 (environmental targets)**

16. This principle is not relevant to our proposals.

### **The general principle that consumers should take responsibility for their decisions**

17. The data we will collect will provide insight into consumer behaviour in retail banking, to help us better understand the options available and the decisions they make. Our proposals do not inhibit consumers' ability to purchase the products they wish to purchase, nor do they seek to remove from consumers the need to take responsibility for their decisions.

### **The responsibilities of senior management**

18. Relevant senior management will need to ensure that their firm complies with our proposed rules, having regard to their responsibilities under the senior managers and certification regime (SMCR), which has applied to most authorised firms since 9 December 2019.

### **The desirability of recognising differences in the nature of, and objectives of, businesses carried on by different persons including mutual societies and other kinds of business organisation**

19. We recognise that the retail banking market includes firms with different capabilities and structures. The data we will collect will provide us with information on firms' business models, to help us to better understand these differences. We have proposed reporting thresholds to ensure we only request data from those firms from which we need it, and do not include those for whom the request may be disproportionately burdensome.

### **The desirability of publishing information relating to persons subject to requirements imposed under FSMA, or requiring them to publish information**

20. We have had regard to this principle and believe our proposals are compatible with it. We intend to publish data on aggregate trends in the retail banking market.

### **The principle that we should exercise our functions as transparently as possible**

21. Our data reporting requirements are published, and therefore transparent to firms and consumers. This data collection has been developed with extensive industry engagement to ensure it is designed in a way that is beneficial for the firms who will be required to provide the data. It is also part of a wider effort across the FCA and other regulatory bodies to streamline our data collection process and has been expressed publicly. Our intention to regularise the R2B2 collection has also been expressed publicly as part of the TDC programme.
22. We have also explained in detail the rationale for our proposals and the intended outcomes in the consultation paper and intend to engage with industry during the consultation period.

### **In formulating these proposals, the FCA has had regard to the importance of taking action intended to minimise the extent to which it is possible for a business carried on (i) by an authorised person or a recognised investment exchange; or (ii) in contravention of the general prohibition, to be used for a purpose connected with financial crime (as required by s 1B(5)(b) FSMA).**

23. This principle is not relevant to our proposals.

### **Expected effect on mutual societies**

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24. The FCA does not expect the proposals in this paper to have a significantly different impact on mutual societies. Our proposals will apply equally to all retail banks and building societies, regardless of whether it is a mutual society.

## Compatibility with the duty to promote effective competition in the interests of consumers

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- 25.** In preparing the proposals as set out in this consultation, we have had regard to the FCA's duty to promote effective competition in the interests of consumers. As we have detailed in Section 2 of this Consultation Paper, the primary use of the data will be to monitor shifts in competitive dynamics in the retail banking market. We estimate that our use of the data will allow for more effective interventions in relation to competition in the retail banking market and encourage better outcomes for consumers.

## Equality and diversity

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- 26.** We are required under the Equality Act 2010 in exercising our functions to 'have due regard' to the need to eliminate discrimination, harassment, victimisation and any other conduct prohibited by or under the Act, advance equality of opportunity between persons who share a relevant protected characteristic and those who do not, to and foster good relations between people who share a protected characteristic and those who do not.
- 27.** As part of this, we ensure the equality and diversity implications of any new policy proposals are considered. The outcome of our consideration in relation to these matters in this case is stated in 2.24 and 2.25 of the Consultation Paper.

## Legislative and Regulatory Reform Act 2006 (LRRRA)

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- 28.** We have had regard to the principles in the LRRRA for the proposals to collect R2B2 data via regular reporting requirements that consist of general policies, principles or guidance and consider that our proposals are:
- transparent – as set out above
  - accountable – we are consulting on these changes and will publish final rules only after we consider the feedback we receive
  - proportionate – as set out in the cost benefit analysis in Annex 2
  - consistent – our reporting requirements and the associated proposed threshold conditions will apply to all firms in a consistent manner, and
  - targeted only at cases in which action is needed – based on the reporting threshold we outline above.
- 29.** We have had regard to the Regulators' Code for the parts of the proposals that consist of general policies, principles or guidance and consider that our proposals are proportionate to the benefits that will arise to both consumers and firms. The data we will collect will support the prevention and reduction of consumer harm, promote effective competition in the retail banking market while improving the way firms submit data to us, thereby minimising burden. Through consultation and proactive engagement before and during consultation we have provided a simple and straightforward way to engage with the regulated community.

## Annex 4

# Abbreviations in this document

Abbreviation	Description
<b>CMA</b>	Competition and Markets Authority
<b>CP</b>	Consultation paper
<b>CBA</b>	Cost benefit analysis
<b>FSMA</b>	Financial Services and Markets Act 2000
<b>HMT</b>	His Majesty's Treasury
<b>LRRA</b>	Legislative and Regulatory Reform Act 2006
<b>PRA</b>	Prudential Regulation Authority
<b>PSR</b>	Payment Systems Regulator
<b>R2B2</b>	Retail Banking Business Models
<b>SICGO</b>	Secondary International Competitiveness and Growth Objective
<b>SME</b>	Small-to-medium enterprise
<b>TDC</b>	Transforming Data Collection

## Appendix 1

### Draft Handbook text

**SUPERVISION MANUAL (AMENDMENT) INSTRUMENT 2026****Powers exercised**

- A. The Financial Conduct Authority (“the FCA”) makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 137A (The FCA’s general rules);
  - (2) section 137T (General supplementary powers); and
  - (3) section 139A (Power of the FCA to give guidance).
- B. The rule-making powers listed above are specified for the purpose of section 138G(2) (Rule-making instruments) of the Act.

**Commencement**

- C. This instrument comes into force on [*date*].

**Amendments to the Handbook**

- D. The Glossary of definitions is amended in accordance with Annex A to this instrument.
- E. The Supervision manual (SUP) is amended in accordance with Annex B to this instrument.

**Citation**

- F. This instrument may be cited as the Supervision Manual (Amendment) Instrument 2026.

By order of the Board  
[*date*]

## Annex A

## Amendments to the Glossary of definitions

Insert the following new definitions in the appropriate alphabetical position. All the text is new and is not underlined.

- |                                    |   |
|------------------------------------|---|
| <i>accounting reference period</i> | <ul style="list-style-type: none"> <li>(1) (in relation to a <i>company</i> incorporated in the <i>United Kingdom</i> under the Companies Acts) the accounting reference period of that <i>company</i> determined in accordance with section 391 of the Companies Act 2006;</li> <li>(2) (in relation to any other body) its financial year.</li> </ul>     |
| <i>ring-fenced parent firm</i>     | <p>a <i>firm</i> in a <i>group</i> that:</p> <ul style="list-style-type: none"> <li>(a) is required to prepare group accounts under section 399 of the Companies Act 2006 relating to all the <i>ring-fenced bodies</i> in the <i>group</i>; and</li> <li>(b) does not have a <i>subsidiary</i> that is required to prepare such group accounts.</li> </ul> |
| <i>UK accounting parent firm</i>   | <p>a <i>firm</i> in a <i>group</i> that:</p> <ul style="list-style-type: none"> <li>(a) is required to prepare group accounts under section 399 of the Companies Act 2006 relating to all the <i>firms</i> in the <i>group</i>; and</li> <li>(b) does not have a <i>subsidiary</i> that is required to prepare such group accounts.</li> </ul>              |

## Annex B

### Amendments to the Supervision manual (SUP)

In this Annex, underlining indicates new text and striking through indicates deleted text, unless stated otherwise.

## 16 Reporting requirements

[*Editor's note:* the following text takes into account the changes made by the Payments and Electronic Money (Safeguarding) Instrument 2025 (FCA 2025/38), which come into force on 7 May 2026.]

### 16.1 Application

...

Application of different sections of SUP 16 (excluding SUP 16.13, SUP 16.14A, SUP 16.15, SUP 16.22 and SUP 16.26)

#### 16.1.3 R

(1) Section(s)	(2) Categories of firm to which section applies	(3) Applicable rules and guidance
...		
<i>SUP 16.32</i>	...	...
<u><i>SUP 16.33</i></u>	<u><i>A firm which is a bank or building society within the scope of SUP 16.33.1R.</i></u>	<u>Entire section</u>
...		

...

### 16.3 General provisions on reporting

...

Structure of the chapter

#### 16.3.2 G This chapter has been split into the following sections, covering:

...

(26) *financial promotion approval reporting (SUP 16.31); and*

- (27) access to cash reporting (*SUP 16.32*); and
- (28) retail banking business models reporting (*SUP 16.33*).

...

Insert the following new section, SUP 16.33, after SUP 16.32 (Access to cash reporting). All the text is new and is not underlined.

### **16.33 Retail banking business models reporting**

Application: who?

- 16.33.1 R This section applies to all *firms* listed in *SUP 16.33.2R* which:
- (1) provided services to *retail customers* in the *United Kingdom* in the relevant *accounting reference period* referred to in *SUP 16.33.8R(3)*;
  - (2) were required to submit an Annual Financial Crime Report in accordance with *SUP 16.23* in respect of the *firm's* last 3 *accounting reference periods*;
  - (3) reported at least 200,000 *customer* relationships in the *United Kingdom* in each of the Annual Financial Crime Reports submitted in respect of the *firm's* last 3 *accounting reference periods*; and
  - (4) reported a total revenue of £5 million or more at each of the *firm's* last 3 *accounting reference dates*.
- 16.33.2 R *SUP 16.33.1R* applies to the following types of *firm*:
- (1) *banks*; and
  - (2) *building societies*.

Purpose

- 16.33.3 G The purpose of this section is to require *firms* that provide banking services to *retail customers* to submit information on their, or their *group's*, business models in a standard format to the *FCA*. This information will inform the *FCA's* understanding of retail banking market dynamics in the interest of promoting effective competition.

Reporting requirement

- 16.33.4 R (1) Subject to (2) and (3), and *SUP 16.33.6R(4)* and (5), a *firm* must submit the Retail Banking Business Models Report containing:
- (a) the details specified in *SUP 16 Annex 59.4R*;

- (b) the data points specified in *SUP* 16 Annex 59.5R to *SUP* 59.11R (Core Financial Data Request); and
    - (c) the documents specified in *SUP* 16 Annex 59.12R and the information specified in *SUP* 16 Annex 59.13R (Off-the-shelf Document Request).
  - (2) In the Core Financial Data Request, a *firm* must:
    - (a) provide relevant data that it holds or can obtain from other *firms* in its *group*;
    - (b) if it does not hold relevant data and cannot obtain it from other *firms* in its *group*, provide a reliable estimate of the data; or
    - (c) if it does not hold relevant data, cannot obtain it from other *firms* in its *group* and cannot provide a reliable estimate, not provide data.
  - (3) In the Off-the-shelf Document Request, a *firm* is only required to provide documents which already exist and which it can provide without:
    - (a) breaching a duty of confidentiality owed to a third party; or
    - (b) obtaining the consent of a third party, if that consent cannot reasonably be obtained.
- 16.33.5 G A *firm* should only provide a reliable estimate of data (in accordance with *SUP* 16.33.4R(2)(b)) where data can be reasonably approximated using sound methodology, consistent assumptions and available evidence.

#### Firms within a group

- 16.33.6 R (1) Where a *firm* is a member of a *group*, the Retail Banking Business Models Report must contain the data, documents and information specified in (2).
- (2)
- (a) If the *group* does not contain a *ring-fenced body*, the report must contain data, documents and information in respect of all the *firms* in the *group* on an aggregated basis.
  - (b) If the *group* does contain a *ring-fenced body*, the report must contain data, documents and information in respect of all the *ring-fenced bodies* in the *group* on an aggregated basis.
- (3) Where (1) applies, the report:

- (a) must be submitted by the *ring-fenced parent firm*, if there is one;
  - (b) if (a) does not apply, must be submitted by the *UK accounting parent firm*, if there is one; or
  - (c) if (a) and (b) do not apply, may be submitted by any entity in the *group*.
- (4) If (3)(a) or (b) apply, *SUP 16.33.4R(1)* does not apply to any *firm* in the same *group* as the *ring-fenced parent firm* or *UK accounting parent firm*.
  - (5) If a report is submitted in accordance with (3)(c), *SUP 16.33.4R(1)* does not apply to any *firm* it is submitted in respect of.

- 16.33.7      G    (1) The effect of *SUP 16.33.6R(3)(a)* and (b), and (4), is that where a *group* contains a *ring-fenced parent firm* or *UK accounting parent firm*, that *firm* must submit a single Retail Banking Business Models Report covering the *group* entities specified in *SUP 16.33.6(2)*. The *ring-fenced parent firm* or *UK accounting parent firm* is responsible for ensuring the report is submitted, and for its contents.
- (2) *SUP 16.33.6R(3)(c)* applies where a *group* does not contain a *ring-fenced parent firm* or *UK accounting parent firm*. That provision, with *SUP 16.33.6R(5)*, means that a single Retail Banking Business Models Report may be submitted to satisfy the requirements of all *firms* in the *group*. The report can be submitted by the entity in the *group* that is best placed to do so, whether or not they are a *firm*. We expect *groups* will normally want to report in this way when *SUP 16.33.6R(3)(a)* and (b) do not apply. Nevertheless, the requirement to ensure the report is submitted, and responsibility for its contents, remains with each *firm* in the *group*.
- (3) The requirement to submit data in the Core Financial Data Request on an aggregated basis means that the data for each *firm* the report is submitted in respect of must be added together and submitted as a single figure. The data must relate to the relevant *accounting reference period* for each *firm*, determined in accordance with *SUP 16.33.8R(3)*. Different *firms* in the *group* may have different *accounting reference periods*.

#### Frequency and timing of the Retail Banking Business Models Report

- 16.33.8      R    (1) The Retail Banking Business Models Report must be submitted once each calendar year by 30 November.
- (2) In the Core Financial Data Request, *firms* must submit data relating to the relevant *accounting reference period* referred to in (3).

- (3) The relevant *accounting reference period* for the year a report is submitted (Y) is:
- (a) that ending in Y if the *firm's accounting reference date* falls on or before 30 June;
  - (b) that ending in the year before Y if the *firm's accounting reference date* falls after 30 June.
- (4) In the Off-the-shelf Document request, unless otherwise specified, *firms* must submit the most up-to-date documents available.

#### How to submit the Retail Banking Business Models Report

- 16.33.9 R The Retail Banking Business Models Report must be submitted online through the appropriate systems made available by the *FCA*.

Insert the following new Annexes, SUP 16 Annex 59 and SUP 16 Annex 60, after SUP 16 Annex 58 (Guidance notes for the Pensions Dashboard Service Firms – Half-Yearly Prudential Return). All the text is new and is not underlined.

#### **16 Annex 59 Retail banking business models reporting data**

- 16 Annex 59.1 G This annex belongs to *SUP 16.33*. It sets out the contents of the Retail Banking Business Models Report referred to in *SUP 16.33.4R(1)*.

#### Terms used in this annex

- 16 Annex 59.2 R In this annex, the terms used in column (1) below have the meaning set out in column (2).

(1)	(2)
arranged overdraft	An overdraft that is preauthorised by the provider with an agreed limit.
asset finance	A credit arrangement that allows a customer to acquire the use of tangible assets (such as vehicles, machinery or equipment) without paying the full purchase price upfront.
ATM interchange income	Income earned from ATM interchange fees.
ATM network direct costs	The direct costs of being part of an ATM network including site rental, depreciation, equipment, servicing and staff costs. This does not include interchange costs.

average	<p>The average of any data point is <math>(A + B)</math> divided by 2, where:</p> <p>(1) A is the value of the data point at the start of the <i>accounting reference period</i> the report relates to; and</p> <p>(2) B is the value of the data point at the end of the <i>accounting reference period</i> the report relates to.</p>
average account numbers	The average of the total number of accounts held with a <i>firm</i> . Each account held by a customer should be included in this calculation.
average assets under management	The average value of a <i>firm's</i> assets under management.
average balance	The average value of a <i>firm's</i> total book balance.
average credit risk-weighted assets (RWAs)	The average value of a <i>firm's exposure</i> adjusted by a risk weight that reflects the associated credit risk.
average total customer number	The average total number of unique customers. Where a customer used more than one product or account, the customer should only be counted once.
banking as a service income	Income from providing licensed infrastructure, compliance frameworks and banking services (such as payment services, accepting deposits and lending application programming interfaces (APIs)) to other entities that are not in the same <i>group</i> .
basic current account	A payment account with basic features as defined in regulation 19(1) of the <i>Payment Accounts Regulations</i> .
benefit of funding	The value ascribed to a funding source in accordance with a <i>firm's</i> funds transfer pricing approach.
branch network direct costs	The direct costs of maintaining a branch network including depreciation, property costs, equipment and branch staff costs.
business current account	An account held by a business customer which would be a retail current account if

	held by a consumer (as defined in the <i>Payment Accounts Regulations</i> ).
business customer	Any customer that is not a <i>retail customer</i> .
business savings account	A <i>savings account</i> held by a business customer.
buy-to-let mortgage	A <i>buy-to-let credit agreement</i> relating to a mortgage on a property.
card interchange income	Income from interchange fees relating to debit or credit card transactions.
CET1 ratio	A <i>firm's common equity tier 1 capital</i> expressed as a percentage of its total risk-weighted assets.
commission income	Income from <i>commission</i> .
communications and marketing costs	The direct costs of communications and marketing including switching incentives, customer acquisition, sponsorship and staff costs.
compliance and regulation costs	The costs of complying with regulatory requirements including the payment of regulatory fees and staff costs relevant to compliance.
core product	A product referred to in <i>SUP 16 Annex 59.5R</i> to <i>SUP 16 Annex 59.9R</i> .
cost of funds	The cost of funding allocated through funds transfer pricing including interest rate risk transfer costs, liquidity term premium costs, costs of liquidity and any underpinning reference rates.
credit card	An account that allows the holder to use a credit card to borrow funds from the issuer up to a set limit to pay for goods and services.
credit operation costs	Costs incurred in credit risk monitoring and recovery including the cost of underwriters and <i>credit risk assessments</i> , credit bureau costs and staff costs.
customer acquisition costs	Operating costs associated with customer acquisition, including a <i>firm's</i> marketing spend and cost of sales.

customer service and support costs	Costs relating to customer service activities including call centre costs, customer statement costs, postage costs and staff costs.
daily, monthly or annual charge income	Income from daily, monthly or annual charges which is not recorded as gross interest income.
default charge income	Income from charges to customers for failing to make a <i>repayment</i> when it is due.
early repayment charge income	Income from charges to customers for making early <i>repayments</i> which is not recorded as gross interest income.
fixed term savings account – 1 to 2 years	<i>Fixed-term savings accounts</i> that have a term between 1 and 2 years, inclusive.
fixed term savings account – over 2 years	<i>Fixed-term savings accounts</i> that have a term exceeding 2 years.
FLS funding	Funding provided under the Bank of England's Funding for Lending Scheme.
gross interest income	Interest, and other income treated as interest according to a <i>firm's</i> effective interest revenue recognition policy, earned through lending activities.
gross interest paid out	Interest, and other expenses recognised as interest in a <i>firm's</i> effective interest recognition policy.
impairment charge	Impairments from the recognition of credit losses, including expected credit losses.
initial fixed rate mortgage	A mortgage in its initial period during which it has a fixed interest rate, and after which it will become a non-SVR mortgage or SVR mortgage.
initial variable rate mortgage	A mortgage in its initial period during which it has a promotional variable interest rate (eg a discounted variable rate or tracker rate), and after which it will become a non-SVR mortgage or SVR mortgage.
instant access savings account	A <i>savings account</i> without a fixed term or notice period for making a withdrawal.

insurance and other add-on fee income	Income from insurance products and other add-on products.
international transaction income	Fees and foreign exchange margin income from <i>foreign currency</i> transactions made by customers.
investment account	An account through which a customer can hold and transact in investments (eg shares, bonds and funds), including a stocks and shares <i>ISA</i> .
investment costs	Costs related to business improvement, change or transformation that are expected to have long term benefits, for example investment in IT and digital services.
invoice finance	A business lending arrangement where funds are advanced against the value of unpaid invoices.
IT running costs	Business as usual information technology costs, including staff costs. This does not include the costs of IT investment and transformation.
leverage ratio	A <i>firm's</i> tier 1 capital divided by the total risk exposure amount referred to in Article 92(3)(a) of the <i>UK CRR</i> .
loan-to-value ratio (LTV)	The total amount of credit secured by a <i>property</i> (including outstanding balances and any senior liens) divided by the current value of the <i>property</i> .
motor finance	A <i>regulated credit agreement</i> which, in whole or part, finances the purchase of a motor vehicle.
net interest margin	A <i>firm's</i> net interest income divided by the value of its average interest-earning assets. The definition of 'average' above does not apply to this definition.
non-core product	A product offered to <i>retail customers</i> or business customers that is not referred to in <i>SUP 16 Annex 59.5R</i> to <i>SUP 16 Annex 59.9R</i> .
non-interest income	An aggregation of:

	<p>(1) daily, monthly or annual charge income;</p> <p>(2) origination fee income;</p> <p>(3) default charge income;</p> <p>(4) early repayment charge income;</p> <p>(5) insurance and other add-on fee income;</p> <p>(6) commission income;</p> <p>(7) card interchange income;</p> <p>(8) ATM interchange income;</p> <p>(9) international transaction income; and</p> <p>(10) other and unallocated non-interest income.</p>
non-SVR mortgage	A mortgage which is not an initial fixed rate mortgage, initial variable rate mortgage or SVR mortgage.
origination fee income	Income from processing and setting up new loans, mortgages and other lending products which is not recorded as gross interest income.
other and unallocated non-interest income	<p>An aggregation of any non-interest income:</p> <p>(1) which is not:</p> <ul style="list-style-type: none"> <li>(a) daily, monthly or annual charge income;</li> <li>(b) origination fee income;</li> <li>(c) default charge income;</li> <li>(d) early repayment charge income;</li> <li>(e) insurance and other add-on fee income;</li> <li>(f) commission income;</li> <li>(g) card interchange income;</li> <li>(h) ATM interchange income; or</li> <li>(i) international transaction income; or</li> </ul> <p>(2) which cannot be allocated to any category of non-interest income in (1).</p>
other business	Any business that is not a small business.
other central function costs	Staff and other costs of central functions not otherwise specified including human

	resources, treasury, finance, legal, risk and audit.
other property costs	Leasing and other property costs relating to non-branch property, including head office and call centres, and related staff costs.
overdraft	An overdraft facility for a current account.
owner-occupied mortgage	A residential mortgage for a property occupied by the mortgage holder.
payments and cash handling costs	Infrastructure and other costs relating to payment systems, settlement and clearing, cash handling and security. This includes related staff costs.
personal banking customer	A <i>retail customer</i> that is not a wealth customer.
personal current account	A retail current account held by a personal banking customer.
personal investment account	An investment account held by a personal banking customer.
personal lending	Lending provided to a personal banking customer.
personal savings account	A <i>savings account</i> , including an <i>ISA</i> , held by a personal banking customer.
primary personal current account	The personal current account a customer has their main income paid into.
product and proposition costs	Staff and other costs of teams involved in developing and maintaining financial products.
property finance	Small business lending that is secured on properties used for commercial purposes including commercial mortgages, bridging loans and development loans.
residential mortgage	A <i>regulated mortgage contract</i> or <i>buy-to-let credit agreement</i> for a residential property.
retail current account	A payment account, as defined in regulation 2(1) of the <i>Payment Accounts Regulations</i> , other than a current account mortgage.

rewards & packaged current account	A packaged current account that offers rewards or other benefits compared to a standard current account.
risk-weighted assets	A <i>firm's</i> risk weighted exposure amount, determined in accordance with Article 92(3)(f) of the <i>UK CRR</i> .
secondary personal current account	A current account that is not the customer's primary personal current account.
secured loan	A loan that is backed by <i>collateral</i> or protected by a <i>guarantor</i> , excluding a <i>mortgage</i> .
small business	(1) Any business the <i>firm</i> categorises as a small business.  (2) If (1) does not apply, any business with an annual turnover of up to £2 million.
standard personal current account	Personal current accounts offered to individuals for everyday banking that are not basic current accounts or rewards and packaged current accounts.
SVR mortgage	A mortgage whose interest rate is the <i>firm's</i> standard variable rate (SVR).
TFS funding	Funding provided under the Bank of England's Term Funding Scheme.
third party fraud costs	Costs resulting from third-party fraud.
tier 1 ratio	The sum of a <i>firm's common equity tier 1 capital</i> and <i>additional tier 1 capital</i> , expressed as a percentage of its total risk-weighted assets.
total capital ratio	The <i>own funds</i> of the <i>firm</i> expressed as a percentage of its total risk-weighted assets.
unarranged overdraft	An overdraft that is not preauthorised by the provider, including any unauthorised balance in excess of an arranged overdraft limit.
under 1 year notice savings account	A <i>savings account</i> with a notice period of less than 12 months for making a withdrawal.

unsecured loan	A loan that is not backed by <i>collateral</i> or protected by a <i>guarantor</i> .
wealth account	A retail current account, investment account or <i>savings account</i> that is only offered to wealth customers.
wealth customer	A <i>retail customer</i> the <i>firm</i> offers banking products to because of their high level of wealth or affluence.
wealth lending	Any lending products that are only offered to a <i>firm's</i> wealth customers.
weighted average LTV	A weighted average of the loan-to-value ratio calculated based on loan size. The definition of 'average' above does not apply to this definition.
wholesale bank loans and overdrafts	Funding obtained from other <i>financial institutions</i> through bilateral or syndicated loan agreements, or overdrafts.
wholesale debt securities on issue	Funding raised through the issuance of negotiable instruments such as bonds, notes or commercial paper to institutional investors.
wholesale funding	Funding not obtained from retail or business customer sources.
wholesale subordinated debt	Long-term funding raised through instruments that rank below senior obligations in the event of liquidation or insolvency.

16 Annex 59.3 R Terms in italics in this annex have the meaning set out in the *Handbook Glossary*.

#### General

16 Annex 59.4 R The *firm reference number* and *accounting reference date* of each *firm* the report is submitted in respect of.

#### Core Financial Data Request: residential mortgages

- 16 Annex 59.5 R
- (1) Whether any *firm* the report is submitted in respect of offered residential mortgages during the period the report relates to. If not, the *firm* is not required to provide any more data in this paragraph.
  - (2) Whether the *firm* holds, or can obtain or reliably estimate, any of the data points in (3) in respect of the following products:

- (a) owner-occupied mortgages:
    - (i) initial fixed rate mortgages;
    - (ii) initial variable rate mortgages;
    - (iii) SVR mortgages;
    - (iv) non-SVR mortgages; and
    - (v) other owner-occupied mortgages; and
  - (b) buy-to-let mortgages:
    - (i) initial fixed rate mortgages;
    - (ii) initial variable rate mortgages;
    - (iii) SVR mortgages;
    - (iv) non-SVR mortgages; and
    - (v) other buy-to-let mortgages.
- (3) The following data points for each of the sub-products in (2)(a) and (b) in the indicated unit:
- (a) gross interest income (£);
  - (b) non-interest income (£);
  - (c) cost of funds (£);
  - (d) impairment charge (£);
  - (e) average balance (£);
  - (f) average credit RWAs (£);
  - (g) average account numbers (unit);
  - (h) weighted average LTV (%);
  - (i) daily, monthly or annual charge income (£);
  - (j) origination fee income (£);
  - (k) default charge income (£);
  - (l) early repayment charge income (£);
  - (m) insurance and other add-on fee income (£);

- (n) commission income (£); and
  - (o) other and unallocated non-interest income (£).
- (4) For each data point in (3), the aggregate of any amount the *firm* cannot allocate to a sub-product in (2)(a) or (b).
  - (5) Whether any data points in (3) were estimated, and the methodology used in making any estimates.
  - (6) For each data point in (3) the *firm* does not provide, confirmation that it either:
    - (a) did not offer the sub-product the data point relates to; or
    - (b) does not hold the data, cannot obtain it from other *firms* in its *group* and cannot reliably estimate it.

Core Financial Data Request: personal banking

- 16 Annex 59.6 R
- (1) Whether any *firm* the report is submitted in respect of offered personal current accounts, personal savings accounts or personal investment accounts during the period the report relates to. If not, the *firm* is not required to provide any more data in this paragraph.
  - (2) Whether the *firm* holds, or can obtain or reliably estimate, any of the data points in (3) in respect of the following products:
    - (a) personal current accounts:
      - (i) standard personal current accounts;
      - (ii) rewards and packaged current accounts;
      - (iii) basic current accounts; and
      - (iv) other personal current accounts;
    - (b) primary and secondary personal current accounts:
      - (i) primary personal current accounts; and
      - (ii) secondary personal current accounts;
    - (c) personal current account overdrafts:
      - (i) arranged overdrafts; and
      - (ii) unarranged overdrafts;
    - (d) personal savings accounts:

- (i) instant access savings accounts;
    - (ii) under 1 year notice savings accounts;
    - (iii) fixed term savings accounts – 1 to 2 years;
    - (iv) fixed term savings accounts – over 2 years; and
    - (v) other personal savings accounts;
  - (e) wealth accounts; and
  - (f) personal investment accounts:
    - (i) stocks and shares *ISAs*; and
    - (ii) other investment accounts.
- (3)
- (a) The following data points for each of the sub-products in (2)(a) in the indicated unit:
    - (i) gross interest paid out (£);
    - (ii) non-interest income (£);
    - (iii) benefit of funding (£);
    - (iv) average account numbers (unit);
    - (v) average balance (£);
    - (vi) daily, monthly or annual charge income (£);
    - (vii) card interchange income (£);
    - (viii) ATM interchange income (£);
    - (ix) insurance and other add-on fee income (£);
    - (x) commission income (£);
    - (xi) international transaction income (£); and
    - (xii) other and unallocated non-interest income (£).
  - (b) The following data point for each of the sub-products in (2)(b) in the indicated unit: average account numbers (unit).
  - (c) The following data points for each of the sub-products in (2)(c) in the indicated unit:

- (i) gross interest income (£);
  - (ii) non-interest income (£);
  - (iii) cost of funds (£);
  - (iv) average account numbers (unit);
  - (v) impairment charge (£);
  - (vi) average balance (£);
  - (vii) average credit RWAs (£);
  - (viii) default charge income (£); and
  - (ix) other and unallocated non-interest income (£).
- (d) The following data points for each of the sub-products in (2)(d) in the indicated unit:
- (i) gross interest paid out (£);
  - (ii) non-interest income (£);
  - (iii) benefit of funding (£);
  - (iv) average account numbers (unit); and
  - (v) average balance (£).
- (e) The following data points for the product in (2)(e) in the indicated unit:
- (i) gross interest paid out (£);
  - (ii) non-interest income (£);
  - (iii) benefit of funding (£);
  - (iv) average account numbers (unit); and
  - (v) average balance (£).
- (f) The following data points for each of the sub-products in (2)(f) in the indicated unit:
- (i) non-interest income (£);
  - (ii) average account numbers (unit); and
  - (iii) average assets under management (£).

- (4) The *firm's* average total customer number for *retail customers*.
- (5) For each data point in (3)(a) to (d) and (f), the aggregate of any amount the *firm* cannot allocate to a sub-product in (2)(a) to (d) or (f).
- (6) Whether any data points in (3) or (4) were estimated, and the methodology used in making any estimates.
- (7) For each data point in (3) or (4) the *firm* does not provide, confirmation that it either:
  - (a) did not offer the product or sub-product the data point relates to; or
  - (b) does not hold it, cannot obtain it from other *firms* in its *group* and cannot reliably estimate it.

Core Financial Data Request: personal lending

- 16 Annex 59.7 R
- (1) Whether any *firm* the report is submitted in respect of offered personal lending during the period the report relates to. If not, the *firm* is not required to provide any more data in this paragraph.
  - (2) Whether the *firm* holds, or can obtain or reliably estimate, any of the data points in (3) in respect of the following products:
    - (a) credit cards;
    - (b) personal lending:
      - (i) secured loans; and
      - (ii) unsecured loans;
    - (c) motor finance;
    - (d) wealth lending; and
    - (e) other personal lending.
  - (3)
    - (a) The following data points for the product in (2)(a) in the indicated unit:
      - (i) gross interest income (£);
      - (ii) non-interest income (£);
      - (iii) cost of funds (£);
      - (iv) average account numbers (unit);

- (v) impairment charge (£);
  - (vi) average balance (£);
  - (vii) average credit RWAs (£);
  - (viii) daily, monthly or annual charge income (£);
  - (ix) card interchange income (£);
  - (x) ATM interchange income (£);
  - (xi) origination fee income (£);
  - (xii) default charge income (£);
  - (xiii) early repayment charge income (£);
  - (xiv) insurance and other add-on fee income (£);
  - (xv) commission income (£);
  - (xvi) international transaction income (£); and
  - (xvii) other and unallocated non-interest income (£).
- (b) The following data points for each of the sub-products in (2)(b) in the indicated unit:
- (i) gross interest income (£);
  - (ii) non-interest income (£);
  - (iii) cost of funds (£);
  - (iv) average account numbers (unit);
  - (v) impairment charge (£);
  - (vi) average balance (£);
  - (vii) average credit RWAs (£);
  - (viii) daily, monthly or annual charge income (£);
  - (ix) origination fee income (£);
  - (x) default charge income (£);
  - (xi) early repayment charge income (£);
  - (xii) insurance and other add-on fee income (£);

- (xiii) commission income (£); and
  - (xiv) other and unallocated non-interest income (£).
- (c) The following data points for each of the products in (2)(c) to (e) in the indicated unit:
- (i) gross interest income (£);
  - (ii) non-interest income (£);
  - (iii) cost of funds (£);
  - (iv) average account numbers (unit);
  - (v) impairment charge (£);
  - (vi) average balance (£);
  - (vii) average credit RWAs (£);
  - (viii) daily, monthly or annual charge income (£);
  - (ix) origination fee income (£);
  - (x) default charge income (£);
  - (xi) early repayment charge income (£);
  - (xii) insurance and other add-on fee income (£);
  - (xiii) commission income (£); and
  - (xiv) other and unallocated non-interest income (£).
- (4) For each data point in (3)(b), the aggregate of any amount the *firm* cannot allocate to a sub-product in (2)(b).
- (5) Whether any data points in (3) were estimated, and the methodology used in making any estimates.
- (6) For each data point in (3) the *firm* does not provide, confirmation that it either:
- (a) did not offer the product or sub-product the data point relates to; or
  - (b) does not hold it, cannot obtain it from other *firms* in its *group* and cannot reliably estimate it.

Core Financial Data Request: small business banking

- 16 Annex R (1) Whether any *firm* the report is submitted in respect of offered  
59.8 lending, business current accounts or business savings accounts to small businesses during the period the report relates to. If not, the *firm* is not required to provide any more data in this paragraph.
- (2) Whether the *firm* holds, or can obtain or reliably estimate, any of the data points in (3) in respect of the following products:
- (a) lending to small businesses:
    - (i) asset finance;
    - (ii) invoice finance;
    - (iii) property finance;
    - (iv) term loans – secured loans;
    - (v) term loans – unsecured loans;
    - (vi) credit cards;
    - (vii) overdrafts; and
    - (viii) other lending to small businesses;
  - (b) business current accounts held by small businesses; and
  - (c) business savings accounts held by small businesses;
    - (i) instant access saving accounts;
    - (ii) under 1 year notice savings accounts;
    - (iii) fixed term savings accounts – 1 to 2 years;
    - (iv) fixed term savings accounts – over 2 years; and
    - (v) other small business savings accounts.
- (3)
- (a) The following data points for each of the sub-products in (2)(a) in the indicated unit:
    - (i) gross interest income (£);
    - (ii) non-interest income (£);
    - (iii) cost of funds (£);
    - (iv) average account numbers (unit);

- (v) impairment charge (£);
  - (vi) average balance (£);
  - (vii) average credit RWAs (£);
  - (viii) daily, monthly or annual charge income (£);
  - (ix) origination fee income (£);
  - (x) default charge income (£);
  - (xi) early repayment charge income (£);
  - (xii) insurance and other add-on fee income (£);
  - (xiii) commission income (£); and
  - (xiv) other and unallocated non-interest income (£).
- (b) The additional following data points for credit cards in the indicated unit:
- (i) card interchange income (£);
  - (ii) ATM interchange income (£); and
  - (iii) international transaction income (£).
- (c) The following data points for the product in (2)(b) in the indicated unit:
- (i) gross interest paid out (£);
  - (ii) non-interest income (£);
  - (iii) benefit of funding (£);
  - (iv) average account numbers (unit);
  - (v) average balance (£);
  - (vi) daily, monthly or annual charge income (£);
  - (vii) card interchange income (£);
  - (viii) ATM interchange income (£);
  - (ix) insurance and other add-on fee income (£);
  - (x) commission income (£);

- (xi) international transaction income (£); and
- (xii) other and unallocated non-interest income (£).
- (d) The following data points for each of the sub-products in 2(c) in the indicated unit:
  - (i) gross interest paid out (£);
  - (ii) non-interest income (£);
  - (iii) benefit of funding (£);
  - (iv) average account numbers (unit); and
  - (v) average balance (£).
- (4) The *firm's* average total customer number for small businesses.
- (5) The definition of 'small business' each *firm* the report is submitted in respect of uses.
- (6) For each data point in (3)(a) and (d), the aggregate of any amount the *firm* cannot allocate to a sub-product in (2)(a) or (c).
- (7) Whether any data points in (3) or (4) were estimated, and the methodology used in making any estimates.
- (8) For each data point in (3) or (4) the *firm* does not provide, confirmation that it either:
  - (a) did not offer the product or sub-product the data point relates to; or
  - (b) does not hold it, cannot obtain it from other *firms* in its *group* and cannot reliably estimate it.

Core Financial Data Request: other business banking

- 16 Annex 59.9 R
- (1) Whether any *firm* the report is submitted in respect of offered lending, business current accounts or business savings accounts to other businesses during the period the report relates to. If not, the *firm* is not required to provide any more data in this paragraph.
  - (2) Whether the *firm* holds, or can obtain or reliably estimate, any of the data points in (3) in respect of the following products:
    - (a) lending to other businesses; and
    - (b) accounts provided to other businesses;
      - (i) business current accounts; and

- (ii) business savings accounts.
- (3) (a) The following data points for the product in (2)(a) in the indicated unit:
  - (i) gross interest income (£);
  - (ii) non-interest income (£);
  - (iii) costs of funds (£);
  - (iv) average account numbers (unit);
  - (v) impairment charge (£);
  - (vi) average balance (£); and
  - (vii) average credit RWAs (£).
- (b) The following data points for each of the sub-products in (2)(b) in the indicated unit:
  - (i) gross interest paid out (£);
  - (ii) non-interest income (£);
  - (iii) benefit of funding (£);
  - (iv) average account numbers (unit); and
  - (v) average balance (£).
- (4) The *firm's* average total customer number for other businesses.
- (5) For each data point in (3)(b), the aggregate of any amount the *firm* cannot allocate to a sub-product in (2)(b).
- (6) Whether any data points in (3) or (4) were estimated, and the methodology used in making any estimates.
- (7) For each data point in (3) or (4) the *firm* does not provide, confirmation that it either:
  - (a) did not offer the product or sub-product the data point relates to; or
  - (b) does not hold it, cannot obtain it from other *firms* in its *group* and cannot reliably estimate it.

Core Financial Data Request: wholesale funding

- 16 Annex 59.10 R (1) Whether any *firm* the report is submitted in respect of obtained wholesale funding during the period the report relates to. If not, the *firm* is not required to provide any more data in this paragraph.
- (2) Whether the *firm* holds, or can obtain or reliably estimate, any of the data points in (3) in respect of the following funding sources:
- (a) bank loans and overdrafts;
  - (b) wholesale debt securities on issue;
  - (c) wholesale subordinated debt;
  - (d) TFS funding and FLS funding; and
  - (e) other wholesale funding sources.
- (3) The following data points for the funding sources in (2) in the indicated unit:
- (a) gross interest paid out (£); and
  - (b) average balance (£).
- (4) For each data point in (3), the aggregate of any amount the *firm* cannot allocate to a funding source in (2).
- (5) Whether any data points in (3) were estimated, and the methodology used in making any estimates.
- (6) For each data point in (3) the *firm* does not provide, confirmation that it either:
- (a) did not obtain the funding source the data point relates to; or
  - (b) does not hold it, cannot obtain it from other *firms* in its *group* and cannot reliably estimate it.

Core Financial Data Request: reconciliation

- 16 Annex 59.11 R (1) The following data points in the indicated unit:
- (a) operating costs (£):
    - (i) investment costs;
    - (ii) IT running costs;
    - (iii) payments and cash handling costs;
    - (iv) customer service and support costs;

- (v) branch network direct costs;
- (vi) ATM network direct costs;
- (vii) communications and marketing costs;
- (viii) compliance and regulation costs;
- (ix) credit operation costs;
- (x) product and proposition costs;
- (xi) other central function costs;
- (xii) third party fraud costs;
- (xiii) other property costs; and
- (xiv) other operating costs;
- (b) customer acquisition costs (£);
- (c) profit and loss (£):
  - (i) gross interest income;
  - (ii) gross interest paid out;
  - (iii) fee and commission income;
  - (iv) fee and commission expenses;
  - (v) banking as a service income;
  - (vi) other operating income;
  - (vii) non-operating income from fair value adjustments, acquisitions, disposals etc;
  - (viii) impairment charges;
  - (ix) total operating costs;
  - (x) non-operating costs;
  - (xi) exceptional, one-off items;
  - (xii) profit before tax;
  - (xiii) tax;
  - (xiv) minority interests; and

- (xv) profit after tax;
- (d) balance sheet (£):
  - (i) cash and balances at central banks;
  - (ii) loans and advances to customers;
  - (iii) loans and advances to banks (including those based in other countries);
  - (iv) other lending balances;
  - (v) property, plant and equipment;
  - (vi) intangible assets;
  - (vii) other assets;
  - (viii) total assets;
  - (ix) total customer deposits;
  - (x) deposits from banks (including those based in other countries);
  - (xi) wholesale funding;
  - (xii) other liabilities;
  - (xiii) total liabilities; and
  - (xiv) total equity;
- (e) risk-weighted assets (RWAs) (£):
  - (i) average credit RWAs – from lending activities;
  - (ii) average other credit RWAs – from other credit exposure;
  - (iii) average operational RWAs; and
  - (iv) average other RWAs (eg market risk); and
- (f) capital ratios (%):
  - (i) CET1 ratio;
  - (ii) tier 1 ratio;
  - (iii) total capital ratio;

- (iv) leverage ratio; and
  - (v) net interest margin (NIM).
- (2) Whether any data points in (1)(a) or (b) were estimated, and the methodology used in making any estimates.
  - (3) For each data point in (1)(a) and (b) the *firm* does not provide, confirmation that it does not hold it, cannot obtain it from other *firms* in its *group* and cannot reliably estimate it.
  - (4) For each data point in (1)(c) to (f) the *firm* does not provide, confirmation that it does not hold it and cannot obtain it from other *firms* in its *group*.

#### Off-the-shelf Document Request

16 Annex R Documents containing the below information:  
59.12

- (1) what core products the *firm* offers;
- (2) the core products launched or withdrawn by the *firm* during the *accounting reference period* the Core Financial Data Request relates to, including:
  - (a) the status and timing of the relevant launch(es) or withdrawal(s);
  - (b) the *firm's* reasoning behind launching or withdrawing the product(s); and
  - (c) any analysis conducted on the impact of the launch(es) or withdrawal(s) on the *firm* (including its revenue) and the *firm's* customers;
- (3) internal financial reporting information provided to the *firm's* senior management on the financial performance of the *firm's* core products;
- (4) a summary of the key features of any non-core products the *firm* earns commission, interest, fees or charges from;
- (5) the *firm's* plans for at least the next 3 years in respect of:
  - (a) whether the *firm* has a strategic focus on one or more of the nations in the *United Kingdom* rather than the *United Kingdom* as a whole;
  - (b) significant investment or cost reduction programmes;
  - (c) significant changes to the *firm's* core product offering;

- (d) other changes that will significantly impact the *firm's* customers or operating model; and
  - (e) how (a) to (d) relate to individual products; and
- (6) customer research carried out by, or on behalf of, the *firm* during the *accounting reference period* the Core Financial Data Request relates to, on the following topics:
- (a) who the *firm's* customers are, their circumstances and any specific needs or preferences they have;
  - (b) uptake rates of products and services, segmented by delivery channel (eg, online, mobile app, telephone and in-branch);
  - (c) customer satisfaction levels and attitudes;
  - (d) factors that influence customers' choice of bank or financial services provider; and
  - (e) customers' future needs (eg new or enhanced app features).

16 Annex 59.13 R If a document referred to in *SUP* 16 Annex 59.12R is not provided, whether that is because:

- (1) there is no document containing the relevant information;
- (2) of a duty of confidentiality owed to a third party; or
- (3) the consent of a third party cannot reasonably be obtained.

## 16 Annex 60 **Guidance notes for completion of the Retail Banking Business Models Report**

### Introduction

1. These guidance notes relate to the Retail Banking Business Models Report, containing the information set out in *SUP* 16 Annex 59. They aim to assist *firms* in completing and submitting that report.
2. The purpose of the Retail Banking Business Models Report is to inform the *FCA's* understanding of retail banking market dynamics in the interest of promoting effective competition.

### Scope

3. The Retail Banking Business Models Report should only be completed by *firms* subject to the reporting requirement as specified in *SUP* 16.33.1R.

### Data items

4. There are 3 parts to the Retail Banking Business Model Report:

- (a) information about the *firm(s)* the report relates to;
- (b) the 'Core Financial Data Request'; and
- (c) the 'Off-the-shelf Document Request'.

#### Core Financial Data Request

- 5. Notes 6 to 20 relate specifically to the Core Financial Data Request.
- 6. All monetary values should be provided in sterling. Where relevant amounts are held in a currency other than sterling, the values should be converted into sterling using the closing spot exchange rate on the *accounting reference date* of the *accounting reference period* the report relates to.
- 7. All monetary values should be reported in units and should not be rounded up.
- 8. Figures provided as a percentage should be entered in decimals (eg 0.25 instead of 25%).
- 9. Values for balances should be entered as positive numbers. Values for income should be entered as positive numbers unless a negative figure is required for accounting reasons. *Firms* should explain the reason for any negative income figures.
- 10. Values for costs and expenses should be entered as negative numbers unless a positive number is required for accounting reasons (for example, where there is net writeback or impairment). *Firms* should explain the reason for any positive costs or expenses figures.

#### Data points

- 11. *Firms* should have regard to the definitions and related guidance provided in the Core Financial Data Request when completing this section of the report. Subject to note 19 below, *firms* should interpret any terms not defined in accordance with their natural meanings.
- 12. The Core Financial Data Request is split into 7 sections covering:
  - (a) residential mortgages;
  - (b) personal banking;
  - (c) personal lending;
  - (d) small business banking;
  - (e) other business banking;

- (f) wholesale funding; and
  - (g) reconciliation.
13. *Firms* are asked if any *firm* the report relates to offered products in each of the first 5 sections. If they did not, the *firm* should indicate this and will not be required to submit any further data in that section. Otherwise, the *firm* should indicate that they did and provide the specified data points.
  14. These sections each cover more than one product. For example, the ‘residential mortgages’ section covers two products: ‘owner-occupied mortgages’ and ‘buy-to-let mortgages’. Both of these products are split into sub-products. For example, ‘owner-occupied mortgages’ is split into:
    - (a) initial fixed rate mortgages;
    - (b) initial variable rate mortgages;
    - (c) SVR mortgages;
    - (d) non-SVR mortgages; and
    - (e) other owner-occupied mortgages.
  15. Where a product is split into sub-products, *firms* should provide data at the sub-product level. Where a product is not split into sub-products, *firms* should provide data at the product level.
  16. *Firms* are asked to submit data at the product level or sub-product level as follows:
    - (a) If no *firm* the report relates to offered the relevant product/sub-product, the *firm* should indicate that the data is not available and note that the relevant product/sub-product was not offered.
    - (b) If a *firm* the report relates to did offer the relevant product/sub-product, the *firm* should only indicate it does not have data available if it is unable to provide all the *data elements* requested in relation to that product/sub-product.
    - (c) The effect of SUP 16.33.4R(2) is that where a *firm* cannot provide accurate data it should provide a reliable estimate where possible. If it is not possible for a *firm* to provide a reliable estimate, it should not provide data.
    - (d) If a *firm* can provide data for a product but cannot allocate any of it to the listed sub-products, this unallocated data should be submitted at the product level. For example, a *firm* may hold data on its ‘gross interest income’ for ‘owner occupied mortgages’ but only be able to split the data by sub-product for 3 of the 5 sub-products it provides.

No 'gross interest income' data should be provided for the 2 other sub-products and the data relating to those 2 sub-products should be aggregated and submitted as unallocated 'gross interest income'.

- (e) If a *firm* holds data for any sub-products that are not listed under the relevant product, the *firm* should aggregate that data and submit it in response to the data point for 'other' sub-products.
17. In the 6th section, *firms* are asked if any *firm* the report relates to obtained wholesale funding. If they did not, the *firm* should indicate this and will not be required to submit any further data in relation to this section. Otherwise, the *firm* should indicate that they did and provide the specified data points. *Firms* are asked to submit data at the funding source level and note 16(a) to (c) applies to this section as if references to offering the relevant product/sub-product are instead to obtaining the relevant funding source. If a *firm* holds data for any wholesale funding sources that are not listed, the *firm* should aggregate that data and submit it in response to the data point for 'other wholesale funding sources'.
  18. In the 7th section, *firms* are asked to submit data relating to:
    - (a) operating costs;
    - (b) customer acquisition costs;
    - (c) profit and loss;
    - (d) balance sheet;
    - (e) risk weighted assets; and
    - (f) capital ratios.
  19. This is so a *firm*'s product level data can be reconciled with data relating to its retail banking business as a whole. In this section, certain data points relating to a *firm*'s balance sheet and profit and loss data are not defined. We expect *firms* to interpret these data elements in accordance with the applicable financial accounting reporting standards.
  20. Where a *firm* has not provided a requested data point and not confirmed the reason, this will be shown as an error. *Firms* should resolve all errors before submitting the report.

#### Off-the-shelf Document Request

21. Notes 21 to 25 and the guidance table below relate specifically to the Off-the-shelf Document Request.
22. The Off-the-shelf Document Request asks *firms* to provide various documents that will help the *FCA* better understand *firms*' business

models. As set out in SUP 16.33.4R(3), we do not expect *firms* to produce new documents for this section.

23. SUP 16.33.4R(3) also says a *firm* is not required to provide a document if it cannot do so without breaching a duty of confidentiality or obtaining a consent which cannot reasonably be obtained. If a *firm* does not provide a document on either of these bases, it must state the reason for not providing it.
24. *Firms* can upload several documents per request if the information sits across more than one source or if a report is being submitted on behalf of several *firms* in the same group. However, *firms* should not submit multiple documents containing the same information that do not contain other relevant information.

Nil responses

25. We expect it to be very rare that a *firm* does not hold any documents that are responsive to a particular request. However, if this is the case, a *firm* should not upload any documents and must state that it does not hold any responsive documents.

### Guidance for the response to individual requests

Request	Guidance
What core products the <i>firm</i> offers.	<i>Firms</i> should provide documents that list the relevant products. We do not expect <i>firms</i> to provide detailed information about the products they offer such as interest rates or the terms and conditions.
Internal financial reporting information provided to the <i>firm's</i> senior management on the financial performance of the <i>firm's</i> core products.	This could, for example, be contained in a <i>firm's</i> management accounts, Chief Finance Officer reports or committee papers.
A summary of the key features of any non-core products the <i>firm</i> earns commission, interest, fees or charges from.	A <i>firm's</i> non-core products may include, amongst other things, insurance products.
The <i>firm's</i> plans for at least the next 3 years in respect of: (a) whether the <i>firm</i> has a strategic focus on one or more of the nations	We would normally expect this information to be in a <i>firm's</i> short- or medium-term business plan.  Whether a planned change is 'significant' will depend on the <i>firm</i> . <i>Firms</i> should assess

<p>in the <i>United Kingdom</i> rather than the <i>United Kingdom</i> as a whole;</p> <p>(b) significant investment or cost reduction programmes;</p> <p>(c) significant changes to the <i>firm's</i> core product offering;</p> <p>(d) other changes that will significantly impact the <i>firm's</i> customers or operating model; and</p> <p>(e) how (a) to (d) relate to individual products.</p>	<p>significance in the context of their own business, but we would expect the documents provided to cover investments, programmes or changes that will have a material strategic or financial impact on the <i>firm</i>.</p> <p>We do not expect <i>firms</i> to provide detailed information on planned changes – eg details of project plans or status updates.</p>
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